

**MINUTES OF THE MEETING OF THE BOARD OF INVESTORS FOR THE
OKLAHOMA TOBACCO SETTLEMENT TRUST FUND (TSET)**

August 19, 2026
Oklahoma State Capitol
2300 N. Lincoln Blvd., 5th Floor, Room 5S3
Oklahoma City, OK 73105

Call to order

Treasurer Todd Russ, Chair of the Board, called the special meeting to order at 10:02 a.m. on Wednesday, August 19, 2026, at the Oklahoma State Capitol.

Confirmation of quorum

Members of the Board present at the start of the meeting were Treasurer Russ, Deborah Mueggenborg, and John Waldo, and a quorum was confirmed. Aaron Ackerman was not present at the call to order and arrived at 10:08 a.m.

Others present at the meeting were OST Chief Investment Officer Lisa Murray; OST Deputy Treasurer/Chief of Staff Jordan Harvey; OST Director of Portfolio Accounting and Reporting Phyllis Chan; OST Manager of Portfolio Accounting and Reporting Donna Beeman; Assistant Attorney General Benjamin Graves; Innovest Advisor's Wendy Dominguez and Wyck Brown; Evan Walter and Paul Pustmueller with BOK Financial; TSET Director of Public Information and Government Affairs Thomas Larson, TSET Accountant Britt Chapman; Paul Monies with Oklahoma Watch; OST Chief Policy Advisor Andy Ferguson; OST Digital Media Coordinator Lara Blubaugh; OST Investment Analyst Kudakwashe Rupuwu, and Matthew Felty, Special Counsel from Ryan-Whaley.

Kudakwashe Rupuwu served as recording secretary.

Certification of compliance with the Open Meeting Act

Assistant Attorney General Ben Graves confirmed that the Board was in compliance with the requirements of the Open Meeting Act.

Approval of minutes from the meeting on July 1, 2026

Upon a motion by Ms. Mueggenborg and a second by Mr. Waldo, the minutes were approved unanimously by roll-call vote of the members present.

Presentation of Tobacco Free Investments report by Bank of Oklahoma

Chairman Russ recognized Evan Walter of BOK Financial to present the quarterly report. Mr. Walter confirmed that the portfolio remains in full compliance with the tobacco-free mandate.

Class Action Proof of Claims Report, fourth quarter of FY 2026

Chairman Russ recognized OST Chief Investment Officer Lisa Murray to present this agenda item. Ms. Murray reported that, for the period from April through June 2026, the Trust received seven checks with a total recovery of \$5,918.79 against six claims filed.

Upon a motion by Mr. Waldo to accept the claims and a second by Ms. Mueggenborg, the motion was adopted unanimously by roll-call vote of the members present.

FY 2026 projected earnings report as of June 30, 2026

Chairman Russ recognized Ms. Chan to present the earnings for the twelve months ending June 30, 2026. Ms. Chan reported total income of \$81.3 million, comprising dividend, interest, and securities lending income,

and net gains of \$145.81 million, totaling \$227,114,579.02. After deducting investment expenses of \$12,749,374.60 and reserving \$500 thousand for the audited financial statements as of September 30.

TSET Board of Directors report

Chairman Russ recognized Mr. Larson to present an update on TSET Board of Directors activities. Mr. Larson reported that the Board of Directors is searching for a permanent executive director and has issued a request for applications seeking bids from executive search firms on state contract, which it will review at a special meeting on August 28. He reported that TSET has opened a request for applications for built environment grants focused on nutrition, open until September 30, and that built environment grants for physical activity will open later in the fall.

Consent of the Schrodgers Investment Management Agreement assignment to merge with Nuveen

Chairman Russ recognized Wendy Dominguez of Innovest to present this agenda item. Ms. Dominguez reported that Nuveen and Schrodgers announced their merger in February 2026, that it has since been approved by shareholders, and that the parties are awaiting regulatory approval. She advised that Innovest supports the merger and recommends that the Board consent to it. In response to questions from the Chairman, she confirmed that Schrodgers will become part of Nuveen rather than the reverse, and that Nuveen sits within the TIAA organization.

Upon a motion by Mr. Ackerman to consent to the assignment and a second by Mr. Waldo, the motion was adopted unanimously by roll-call vote.

Executive session (agenda items 8 and 9)

Chairman Russ presented agenda item 8, to convene into executive session pursuant to 25 O.S. § 307(B)(4) for the purpose of engaging in confidential communications between the Board and special counsel concerning pending litigation regarding the Private Equity Infrastructure Manager Selection. Upon a motion by Mr. Ackerman and a second by Ms. Mueggenborg, the Board voted unanimously by roll-call vote to convene into executive session.

Upon a motion by Ms. Mueggenborg and a second by Mr. Waldo, the Board voted unanimously by roll-call vote to acknowledge and return to open session. Chairman Russ stated for the record that no actions were taken, no votes were cast, and no matters other than those appearing on the agenda were discussed in executive session.

Fourth quarter FY 2026 investment performance report

Chairman Russ recognized Wendy Dominguez and Wyck Brown of Innovest to present the quarterly report. Ms. Dominguez reported that the portfolio returned over 7 percent for the quarter and is up over 6.5 percent year to date, with a market value of \$2.32 billion at June 30, an increase of approximately \$180 million over the quarter, and that the Trust's return is close to that of the S&P 500 at approximately half the risk. She reported strong one-year performance in small capitalization stocks and in emerging markets.

On the manager scorecard, Ms. Dominguez reported a new minor concern for Invesco High Yield following changes in the leadership of the high yield team; a continuing minor concern for the UBS Trumbull Property Fund, where the Trust remains in the redemption queue with approximately \$18 million outstanding; an upgrade for Tortoise Midstream; and continuing minor concerns for the Brookfield Senior Mezzanine Real Estate Fund and the Comvest Partners Evergreen Fund. Manager performance was described as solid across the board. The total fund placed in the 49th percentile of peers for the quarter and the 48th percentile year to date, slightly behind the benchmark, which Ms. Dominguez advised will be updated to reflect the liquidity sleeve of approximately 5 percent added in early 2026. In response to a question from Mr. Waldo regarding short-term cash, she advised that the liquidity sleeve is split between Reams, a low duration mandate, and a money market fund, and that Innovest may adjust between the two as yields and liquidity needs warrant.

Upon a motion by Ms. Mueggenborg to accept the performance report as of June 30 and a second by Mr. Ackerman, the motion was adopted unanimously by roll-call vote.

Review of the global private equity search

Chairman Russ recognized Wyck Brown of Innovest to present this agenda item. Mr. Brown reported that the search relates to an allocation of approximately 5 percent of the Trust to private equity and that the RFP was released on March 16. Seventeen responses were received, of which four did not meet the basic criteria. The remaining thirteen were reviewed by five Innovest investment committee members supported by four analysts and evaluated section by section against criteria covering organization and team; investment philosophy, process and due diligence; operations, administration and risk management; product information; product fees and total cost; and alignment with the State of Oklahoma's economic values and public policy objectives. The field was narrowed to Blackstone, KKR, Future Standard, and Adams Street, and following interviews to two finalists.

Mr. Brown reported that Blackstone would offer BXPE and KKR would offer K-PEC, that both are open-ended funds with monthly subscriptions and quarterly redemptions, with a two-year lock for Blackstone and a three-year lock for KKR, that both target a net return of 12 to 15 percent, and that both are direct investors rather than fund-of-funds managers, consistent with the Board's objective for the core allocation. Ms. Dominguez advised that this allocation would represent 80 to 90 percent of the private equity capital, that a further satellite search would follow under agenda item 14, and that both portfolios are seasoned, giving the Trust immediate participation in returns without a J curve.

Global private equity investment manager presentations

Chairman Russ recognized Wendy Dominguez of Innovest, introduced the two finalists for the global private equity investment manager search. Chairman Russ advised that each firm would have 15 minutes to present and that the Board would have the opportunity to ask questions at the conclusion of each presentation.

- **Presentation by KKR:** Representatives from KKR presented K-PEC, an evergreen vehicle that invests in the same transactions, at the same time and price, as the firm's nine underlying private equity strategies. They described a strategy of acquiring mission-critical businesses across seven industry groups in the United States, Europe and Asia, where returns are generated through operational improvement rather than leverage, and identified the firm's universal employee ownership programs as a distinguishing feature. They reported approximately \$21 billion across approximately 80 companies, a target of 12 to 15 percent net annualized, a 16.7 percent net return in the last year, a liquidity sleeve held entirely in cash, and portfolio companies typically carrying an enterprise value of between \$2 billion and \$8 billion. They further reported that approximately 3,591 Oklahomans are employed across 69 KKR portfolio companies.
- **Presentation by Blackstone:** Representatives from the firm presented BXPE, which launched in January 2024 with no legacy assets, now stands at \$17.6 billion, and has returned 19.5 percent annualized over the past two and a half years. They explained that BXPE participates programmatically in every transaction originated across Blackstone's \$450 billion private equity platform, and that the portfolio holds 150 investments, 75 percent of which are in North America, allocated 58 percent to corporate private equity, 24 percent to growth equity, 12 percent to hybrid capital, and 3 percent to secondaries, against a target net return of 12 percent. They described quarterly repurchases of 3 percent of net asset value subject to an investor-level cap, and monthly valuation by an independent team at the same mark as the corresponding drawdown funds. They further reported 39 Blackstone investments headquartered in Oklahoma totaling just under \$2 billion and over 1,000 employees in the State.

Selection of a global private equity investment manager

Mr. Waldo raised a pending request for an Attorney General opinion concerning the Board's investment policy and the potential personal liability of Board members. Assistant Attorney General Graves advised that the request was submitted by a member of the House of Representatives and concerns the Oklahoma economic values aspect of the investment policy adopted in February; that opinion requests are handled by a separate unit of the office; that an opinion, if issued, is binding on the entity that is its subject, although the office may instead issue a letter of guidance or nothing at all; and that, as no opinion has been issued, the Board is neither required nor prevented from acting.

Upon a motion by Ms. Mueggenborg to approve KKR as the global private equity investment manager in the amount of \$70 million, and a second by Mr. Ackerman, the motion was adopted unanimously by roll-call vote.

Approval and issuance of additional private equity search

Chairman Russ recognized Wyck Brown of Innovest to present the proposed additional private equity search, referred to as the satellite RFP. Mr. Waldo questioned the scoring weights in the draft RFP, observing that 20 percent is assigned to Oklahoma economic values against 10 percent for due diligence and track record, citing a McKinsey study of 300 global funds identifying proven track record as the leading factor in manager selection, and noting that other states typically weight these criteria in the reverse order. Mr. Brown responded that track record is captured indirectly across the operations, risk management, fees and product information categories, and Ms. Dominguez added that product information carries the largest weighting, at 30 percent against 10 percent in the previous RFP, in order to screen out proposals that do not fit the satellite approach.

Ms. Dominguez advised that approximately \$30 million would be allocated to satellite strategies at a minimum of \$5 million each, giving approximately six strategies, and that the Board would retain the flexibility to reallocate that amount if the proposals received are not satisfactory. Chairman Russ confirmed that the action before the Board is approval of the issuance of the RFP only.

Upon a motion by Mr. Ackerman to approve the issuance of the RFP for the additional private equity search, and a second by Ms. Mueggenborg, the motion was adopted by roll-call vote of the members present

Member	Vote
Mr. Ackerman	Yes
Ms. Mueggenborg	Yes
Mr. Waldo	NO
Treasurer Russ	Yes

Adjournment

The meeting was adjourned at 1:08 p.m. by unanimous voice vote.

Todd Russ, Chair
Tobacco Settlement Endowment Trust Fund Board of Investors